

**PRELIMINARY STAFF MEASURE SUMMARY**

**CARRIER:**

House Committee on Consumer Protection and Government Effectiveness

**REVENUE: No revenue impact**

**FISCAL: No fiscal impact**

**SUBSEQUENT REFERRAL TO: None**

**Action:**

**Vote:**

**Yeas:**

**Nays:**

**Exc.:**

**Prepared By:** Wendy Simons, Administrator

**Meeting Dates:**

**WHAT THE MEASURE DOES:** Provides that notice of lapse of individual life, long term care or disability insurance policy is not effective unless insurer sends written notice to policy owner at least 25 days before lapse date and includes explanation of reasons for lapse. Specifies methods for sending notice and what constitutes proof of notice. Becomes operative January 1, 2016. Declares emergency, effective upon passage.

**ISSUES DISCUSSED:**

**EFFECT OF COMMITTEE AMENDMENT:**

Proposed -2 amendment: Prohibits insurer from issuing individual long term care insurance policy before receiving either written designation of full name and residential address of at least one person, in addition to applicant, to whom insurer may send notice of lapse due to failure to pay premium, or a written waiver that applicant declines to designate another person. Requires insurance company to notify policy holder of right to change designee at least once every two years. Requires insurance policy to provide for reinstatement of coverage within five months after lapse if insurer receives proof that policy holder was cognitively impaired or had loss of functional capacity before end of grace period for premium payments. Provides that notice of lapse of individual life, long term care or disability insurance policy is not effective unless insurer sends written notice to policy owner at least 30 days before lapse date.

**BACKGROUND:** House Bill 2850 requires insurers to send a written notice by certified mail or email, together with an explanation of the reasons for the lapse at least 25 days before the date of the lapse for individual life, long term care or disability insurance policies. The bill does not apply to policies requiring monthly or more frequent payments. The bill allows the Department of Consumer and Business Services to adopt rules to implement this notice requirement.